

*Washington State Board of Accountancy
Executive Summary
FY 2007- FY 2011*

Background
Who We Are and What We Do

**The activities of both the Board and the Agency are supported
by license and registration fees.**

The **Washington State Board of Accountancy** is comprised of nine Board members appointed by the Governor. Six of the Board members are Certified Public Accountants (CPAs) licensed and practicing in Washington State continuously for the previous ten years. Three of the Board members are public members who are qualified to judge whether the qualifications, activities, and professional practice of those regulated by the Board conform to standards to protect the public interest. At least one of the public members must represent the interests of clients of individuals and firms licensed under the Public Accountancy Act.

Each Board member is appointed for an initial term not to exceed three years. Board members can serve up to a maximum of three successive terms.

The Board holds four (4) regularly scheduled Open Public Meetings on the last Friday of the months of January, April, July, and October. These in-state meetings historically have been held at SeaTac (2), and at various other representative locations such as Spokane, Wenatchee, Tri-Cities, Bellingham, etc.

The Board Chair may also call additional in-state Special Board Meetings.

Each meeting is routinely scheduled for a full day, including travel.

Certain meetings might result in overnight travel.

Travel, meals, and lodging are compensated in accordance with OFM guidelines.

Board members may choose to attend meetings sponsored by the National Association of State Boards of Accountancy (NASBA). Meetings generally considered by Board members are NASBA's Annual meeting and Western Regional meeting. These meetings are generally out-of-state and up to three days in length not including travel time. Travel, meals, and lodging for attendance at these meetings are also reimbursed in accordance with OFM guidelines.

Board members individually or jointly direct the activities of certain committees designed to monitor agency activities. Board members also direct the efforts of volunteer committees or task force initiatives to explore different initiatives and obtain constituent input. Agency staff provides administrative support for those Board efforts and initiatives.

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The Board of Accountancy's Rules and Policies are administered by an **Agency**.

The Agency, also referred to as the Accountancy Board, is under the authority of an **Executive Director** appointed separately by the Governor.

The **Executive Director** is responsible for *Planning, Staffing, Budgeting* and *Outcomes*.

The agency performs the following Board critical functions to assist the Board members in meeting their statutory obligations:

- Monitoring the contractual providers and administrators of the Uniform CPA Examination.
- Initial professional licensing of individuals and firms.
- Professional licensing of individuals licensed in other jurisdictions.
- Renewal of professional licenses of individuals and firms.
- Audits of compliance with the Board's continuing education requirements
- Administration of the Board's Quality Assurance Program (QAR)
- Investigation of citizen complaints and publicly disclosed potential violations of the Act to establish a supportable basis for Board assessment and ultimate disposition of the matter.
- Administration and monitoring of compliance with, Board orders and Board authorized administrative solutions.
- Administrative support for Board committees, task forces, and other Board initiatives.

To adequately support these functions, the agency employs 7 1/2 FTE's specifically assigned to these critical functions. An additional one-half FTE time is, however, allocated to support Board committee activity.

Agency management consists of an Executive Director and a Deputy Director. The Deputy Director manages operations. The Executive Director directs investigations and case resolution activities in addition to the general responsibilities of an agency head.

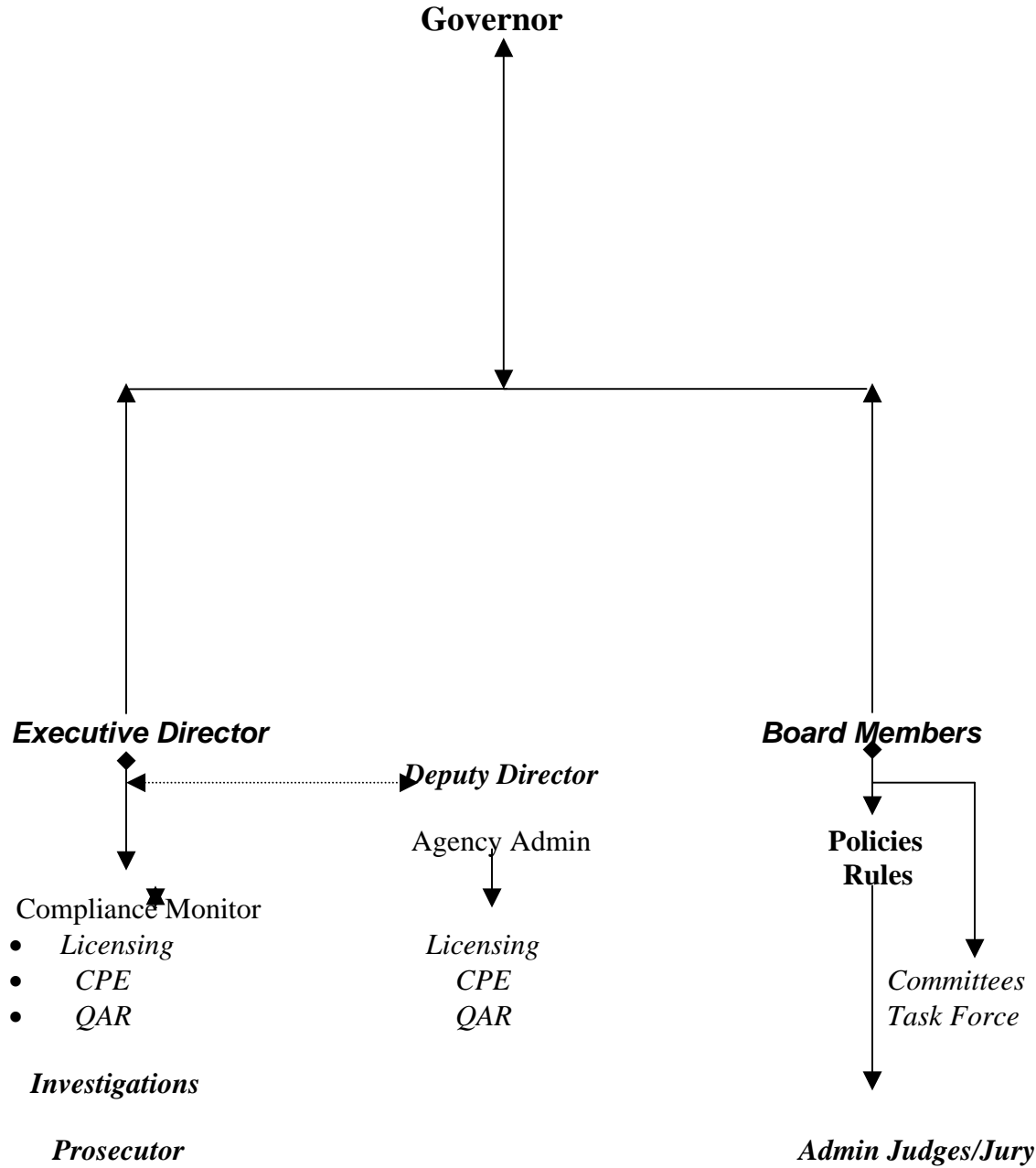
See Functional Organization Chart Attached.

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Critical Functions	FTE
Monitoring the contractual providers and administrators of the Uniform CPA Examination	.10
Initial professional licensing of individuals and firms	1.25
Professional licensing of individuals licensed in other jurisdictions.	.50
Renewal of professional licenses of individuals and firms.	.50
Audits of compliance with the Board's continuing education requirements	.50
Administration of the Board's Quality Assurance Program	.40
Investigations and enforcement	3.50
Monitoring of enforcement orders	.25
Webmaster and communications	.50
Administrative Board support	.50
TOTAL Operational FTEs	8.0
Operations Management (Deputy Director)	1.0
Executive Management (Executive Director)	1.0
TOTAL Agency FTEs	10.0
Board Member FTE Allocation	.30
TOTAL FTE Allocation	10.3

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**Board of Accountancy
Organizational Structure**



**The ED and the Board
are each
separately responsible to the Governor**

Performance Measures

A001 Public Awareness of the Board's Functions and Confidence in Board's Actions

Statewide Result Area: *Improve the economic vitality of business and individuals and mobility of information.*

Expected Outcomes:

1. Minimum of 6 annual consumer forum presentations
2. 75% consumer satisfaction with ease of access to, and usefulness of, Agency communications
3. 75% consumer satisfaction with the timeliness of Agency response to complaints and the types and levels of Agency and Board imposed sanctions.

A002 Licensing and Monitoring of Compliance

Statewide Result Area: *Improve the economic vitality of business and individuals.*

Expected Outcomes:

1. 75% approval by the regulated of the thoroughness of Agency monitoring and investigative processes.
2. **20% annual reduction, within the biennium, in repeat rates for unacceptable attest services** by firms subject to the Board's Quality Review Program
3. In addition to the Board's Quality Assurance review program, **Proactive Evaluation** of the quality of practice accomplished by a minimum of 10 annual reviews of the publicly available work of licensees selected on an at risk and/or random basis

A003 Enforcement

Statewide Result Area: *Improve the economic vitality of business and individuals.*

Expected Outcomes:

1. Executive Director, or designee, decision to dismiss or investigate is made within 7 days of agency awareness of a potential risk of non-compliance or public harm
2. Formal action is recommended by the Executive Director, or designee, within 7 days of submission of a final investigator's report
3. 75% of cases investigated are resolved by Board approved mediated settlements in lieu of Board hearings
4. 75% respondent satisfaction with the efficiency and thoroughness of the investigative processes and the fairness of imposed sanctions or mediated outcomes

Washington State Board of Accountancy
Strategic Plan
FY 2007- FY 2011

I. Mission:

1. To promote the reliability of financial and other information used by decision makers utilizing such information
2. To protect the public by ensuring that:
 - a. Only individuals and firms meeting minimum public expectations of education and character are licensed for the practice of public accounting as Certified Public Accountants;
 - b. Individuals and firms so licensed continue to meet the levels of ethical behavior, professionalism, and levels of competency expected by contemporary consumers of public accounting services;
 - c. The public is informed about the risks associated with individuals, firms, or other matters indicating that the public trust has been, or potentially may be, violated.

II. Vision

Citizens and enterprises have sustained confidence in the integrity, objectivity, and competency of licensees and registered CPA-Inactive certificate holders.

III. Statutory Authority:

1. RCW 18.04, Public Accountancy Act
2. WAC 4-25, State of Washington Board of Accountancy Rules

IV. Significant Influential Factors:

1. A relatively stable resident regulated population.
2. A high likelihood of an increasing number of out-of-state individuals and firms becoming subject to Washington State regulatory authority due to consumer and licensee mobility coupled with virtual service capabilities
3. Varying levels of Consumer Confidence in the professionalism of CPAs
4. The Expectations of informed Consumers are not routinely proactively communicated
5. Lack of attention by a small proportion of the licensed population to the administrative requirements of the Public Accountancy Act and Board rule
6. Licensee Mobility on a national scale is increasing
7. National & Multi-State Variability in Regulation and Regulatory Perspective increases regulatory challenges and may create unnecessary burdens on multi-state practice
8. The increased complexity of professional requirements increases implementation costs to the small business consumers of professional services thereby potentially increasing instances of technical non-compliance or migration of licensees to an unlicensed status
9. Aged IT infrastructure requiring increasing IT support maintenance costs and inability to capture the administrative benefits and on-line service capability of current technology

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V. Goals:

1. Continually strive to improve the ease of consumer access to, and user-friendly nature of, information related to Board and Agency functions, activities, and actions.
2. Upgrade and enhance the agency's IT infrastructure to provide technological based licensing, registration, and other communication alternatives for the regulated community.
3. Initiate a more proactive monitoring process to deter instances of non-compliance before any public interest is affected.
4. Maintain efficient, timely, and equitable enforcement processes when the public interest is affected.
5. Streamline the enforcement process to ensure that it is fair but effective in deterring repeated violations of administrative requirements.
6. Maintain an open, timely and effective rule-making process.

VI. Strategy

1. Staffing:

- a. Initially increasing staffing levels to ensure depth of required expertise and sustainable capability
 - a. Enhance the thoroughness and efficiency of investigations and proactive monitoring of licensee performance
 - b. Proactively implement the Board's mediation strategy consistent with a primary goal of public protection and cost-containment
 - c. Enhance the timeliness of responses to constituent inquiries
 - d. Provide dedicated staff support to promote the timeliness of achieving Board committee outcomes
- b. Implement a cross-training program to benefit both staff and agency operations
- c. Implement a formal staff training program to enhance inter-personal skills and promote effective staff involvement in decision making processes to ensure effective cost-benefit considerations

2. IT Upgrades and Enhancements to facilitate:

- a. On-line connectivity and services to simplify administrative compliance for the regulated community and monitoring activities by agency personnel.
- b. Redesign of the Agency's virtual services consistent with Executive Order 06-02, e.g. *Coordinate the agency's IT development activities with the State's Business Portal development plan*
- c. Database risk management to reduce the potential impact on operations of environmental catastrophes.

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VII. Finance Plan

1. Associated Annual Implementation Costs:

a. Original Budget	\$ 978,000
b. Supplemental Carry-Forward, <i>including</i> Re-allocation of Special AGO costs to Staff Field investigator	<u>252,000</u>

2. Anticipated Annual Budget 07-09 \$1,230,000

3. Annual Future Planned Fixed Budget Reductions
by FYE June 30, 2009 and continuing:

a. Fixed costs related to consumer access advertising	(\$25,000)
b. Annual routine legal costs by 25%	<u>(25,000)</u>
	(\$50,000)

4. Annual Future Planned Fixed Budget Increases, excluding
Staff Field Investigator position (\$94,000) included
In 07-09 carryover

a. Annual license fee for database infrastructure	50,000
b. Rent to accommodate increase in personnel	<u>13 400</u>
	\$ 63,400

5. Anticipated Budget 09-11 before carry forward
Adjustments \$1,243,400

6. *Elimination of Non-Recurring special legal and admin*
after 07-09 (113,000)

Projected Annual Budget 09-11 \$1,130,400

Reconciliation to original 06 Budget:

Original Budget	\$ 978,000
FTE Increases including Benefit costs:	

Admin Assistant	45,000
Additional Field Investigator	94,000
Additional Rent to meet Space requirements	<u>13,400</u>

Projected Annual Budget 09-011 \$1,130,400